



Merger of South Carolina Pipeline Corporation and SCG Pipeline, Inc.

**Public Service Commission of South Carolina
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Presented by:

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Discussion Topics

- **Merger Update – Carolina Gas**
- **Reasons for Merger**
- **Objectives of Carolina Gas**
- **Key Dates for Carolina Gas**
- **Key Differences Under Carolina Gas Model**
- **Winding Down and Contingency Planning**

Merger Update

- **South Carolina Pipeline Corporation and SCG Pipeline, Inc. settled merger application filed February 27, 2006 with FERC.**
- **SCG to merge into SCPC – new interstate pipeline company known as Carolina Gas Transmission Corporation.**
- **Requested FERC certificate by July 31, 2006.**

Reasons for Merger

- **Regulatory compliance in effective and efficient manner**

Regulatory Compliance:

- **FERC Order 2004 (Standards of Conduct for Transmission Providers). SCPC technically an energy affiliate of SCG. SCG and SCPC currently operated by a single set of managers under a temporary partial waiver pending merger.**

Economic Efficiencies:

- **Single management for the two systems will be preserved by merger.**
- **Coordinated strategic planning for pipeline infrastructure will be facilitated by merger.**

Objectives of Carolina Gas Transmission

- **Provide safe and reliable interstate transportation and transportation-related services.**
- **Provide excellence in both customer service and operational performance.**
- **Provide cost effective, open access natural gas pipeline infrastructure in South Carolina and surrounding states.**

Objectives of Carolina Gas Transmission (cont'd)

- Further economic development in the region by working with current and new customers to expand the system to meet their energy needs.
- Improve Access to Interstate Markets.
 - Dedicate substantial infrastructure to open access interstate markets to foster supply diversity and competitiveness in the region. Access to Southern, Transco and LNG supplies at Elba Island, Georgia.

Key Dates of Carolina Gas Transmission

<ul style="list-style-type: none">• Filed Settled Merger Application with FERC<ul style="list-style-type: none">- Confidential settlement discussions began November 9, 2005- Several telephone conferences and follow-up meetings- All firm customers agreed to settlement supporting the merger (except one in bankruptcy)- No customers objected to the merger	Feb 27
<ul style="list-style-type: none">• Requested Date for FERC Certificate of Approval<ul style="list-style-type: none">- Once certificate received, Applicants allowed a reasonable time to evaluate and determine whether to accept	July 31
<ul style="list-style-type: none">• Detailed Customer Training<ul style="list-style-type: none">- General Customer Training already begun- Electronic Bulletin Board Training	Mid August - Mid Sept
<ul style="list-style-type: none">• Last Day of Business under Current Model	<u>Sept 30*</u>
<ul style="list-style-type: none">• First Day of Operations as Carolina Gas Transmission	<u>Oct 1*</u>

***Subject to FERC Approval**

Key Differences Between SCPC and Carolina Gas

- **Carolina Gas provides only gas transportation and transportation related services.**
- **Customers free to manage energy supply to meet their individual needs.**
 - **Purchase and source supply as desired**
 - **Control and implement purchasing strategies**
 - **Utilize Carolina Gas infrastructure to access Elba Island alternative gas supplies**

Key Differences Between SCPC and Carolina Gas (cont'd)

- **Customers manage upstream transportation capacity and storage services.**
 - Customers assigned upstream assets per settlement agreement
 - Release capacity
 - Customers can designate an Agent to manage supply and capacity responsibilities on their behalf
- **Customers request service at specific receipt and delivery points.**
- **Business is conducted via Electronic Bulletin Board.**

Winding Down/Contract Termination and Final Bills

- Termination notices to be issued for all SCPC and SCG service contracts.
- September expected to be final month of SCPC operation.
- Final billing and other issues will be resolved as final invoices received from upstream pipelines and suppliers.

Contingency Planning

- SCPC has a framework for a contingency plan in case merger is not possible on October 1, 2006.
 - Gas supply/storage management
 - Continuing to conduct business through the winter, if necessary
 - Customer and upstream contracts
- Purpose of contingency planning is the prudent management of supply and services in this unlikely event.